

URBAN II Evaluation

Project Case Study: Elsie Whiteley Innovation
Centre (Halifax)



1.0 Goals

The Elsie Whiteley Innovation Centre (EWIC) opened in July 2007 to provide subsidised workspace for young and new businesses and act as a venue for learning and training advice for local residents. The 4,500 sq m incubator facility is found in a converted mill just outside of Halifax's town centre and has 42 units to let, ranging from 100-500 sq ft. However, the project provides more than simply a physical space for businesses as it provides:

- intensive one on one support to tenants delivered by an on-site enterprise advice specialist who provides help on all aspects relating to setting up and growing a business
- group training opportunities for businesses located in the centre as well as those found elsewhere in the URBAN II neighbourhood on key business skills including marketing, finance and exporting
- learning facilities for local communities who use the centre as a training and education facility which helps them become more employable.

The project focuses on supporting the digital and creative sector in Halifax with a long term view of changing the economic profile of the area, away from old (and declining) industries towards sectors and employment areas that are predicted to grow. Its underlying goal is therefore to support enterprise development in the URBAN II area, especially in relation to helping local people start up new business as well as helping local businesses in deprived areas to grow.

The total cost for the project was 7 million euros, of which URBAN II contributed 2.2 million euros. The remainder of the funding came from Yorkshire Forward (a regional organisation responsible for economic development) and the Local Authority. The scale of the investment from the URBAN programme suggests that the project would not have gone ahead without URBAN II funds as stakeholders felt that it would simply not have found this level of resources from elsewhere. This was particularly true because Halifax tends not to receive large amounts of external funding from national or European sources because of its relatively prosperous nature outside of the URBAN II area.

2.0 Implementation

The centre is run by Halifax Opportunities Trust, an independent not for profit community organisation. Although the building is owned by the Local Authority it is run by an independent organisation that does not have to go through Local Authority procedures and decision making rules. The Trust has a high proportion of private sector representative on its Board and has very little involvement by the Local Authority, which again means it can make quick decisions but is also overseen by a comparatively entrepreneurial set of local individuals who themselves own local

businesses. This entrepreneurial 'feel' further encourages interest from local business people to become tenants of the centre.

One of the success factors of the projects implementation was that it provided subsidised rent for new tenants meaning a key overhead for any new business was addressed whilst they were establishing themselves in their market place. The project provided a 50% discount to tenants for their first nine months of trading and a 25% discount for the following nine months. This was a key success factor for the project, both in terms of helping encourage a high take up of units when the facility first opened but also in relation to ensuring that tenants survived their first year of trading (a period when many new businesses struggle to survive).

The facility also had an anchor tenant who took up 40% of the space in the centre but contributed 80% of its income. Having this key tenant meant that the project was less at risk of failure but also allowed it to be more restrictive in the types of tenants it takes on (with a focus on digital and creative industries).

The implementation of the project also benefited from receiving revenue funding from the URBAN II programme which helped in the running of the project during its first year of operation. The revenue funding helped employ both the centre manager as well as the business support officer who were both key in relation to the early success of the project including the direct support it provided to local businesses. Revenue funding (which is controlled through the Trust) also comes from the income from tenants meaning the project is not heavily reliant on public sector resources.

A key issue connected with the project's implementation was a delay in its start date. This delay was caused by a long appraisal process (mainly because it was a significant amount of funding which was being asked for) but also because the funding 'mix' required a number of different funding streams to come together (from four different sources). Thus the complex nature and size of the project all created a slippage in timeframes which in turn meant the construction phase started late. This phase also had technical problems (because it was dealing with the restoration of a very old mill) which in turn meant the projects actual business support element started late. This meant the number of businesses it could support in the period of URBAN was actually very limited.

Key features of its implementation are as follows:

- it is specifically focused on helping people in deprived areas become more 'enterprising'. Previous business support initiatives have tended to only help those individuals (often living in more prosperous areas) who were seen to be more 'enterprise ready'. Thus existing activity tended not to target people with generally low educational attainment, low skills levels, relatively weak business acumen and a low level of self confidence (characteristics of the population found in the URBAN II area).
- it brought an enterprise dimension to the neighbourhood renewal approach in Halifax which was previously missing. The majority of existing activities aimed at improving deprived neighbourhoods of Halifax (including the URBAN II area) focused on tackling employment,

health, education, crime and physical development issues- with no recognition of any enterprise angle. The project therefore stimulated a more holistic approach to local regeneration and recognised that new employment opportunities can be created by encouraging more people to start their own business.

- the project provided much more intensive support to new and growing businesses that previously did not exist. Previous business development activity provided very limited one on one support to beneficiaries because resources were relatively limited and spread over a wide area. The EWIC moved towards a more intensive and on-going model of support where businesses located in the centre received continuous help almost on a daily basis from a business support officer based on-site.
- the project went out of its way to target a new and emerging sector (digital and creative industries) rather than simply letting units to any type of business. Although this restricted which sort of company could be located in the centre, it was praised for being proactive in targeting new growth sectors in order to diversify the local economic base.
- linked in with the above, the incubator centre was also located within the deprived neighbourhood, unlike similar facilities elsewhere in Halifax which tended to be found in either the town centre or on a business park. Its physical presence within the deprived community as well as features such as a Prayer room raised its profile amongst local communities who viewed it as being more accessible to them. Having a high quality building 'in the faces' of target residents was a key aspect of the project.
- because the tenants of the centre are all within the digital and creative industries sector, the project also encourages them to work together so that they could bid for and deliver contracts which they would not normally be able to access because of their small size (e.g. a web design tenant linking in with a film company and a brand specialist also found in the centre).

3.0 Results and Impact

There was widespread agreement among stakeholders directly and indirectly involved in URBAN II that the EWIC was one of the highest profile projects attached to the programme but also one which stimulated the most impacts. In terms of direct outputs the EWIC provided:

- New floorspace: the project created 4,250 sqm of new commercial floorspace for the area from an old mill which had been empty for a number of years and was generally seen as a key environmental detractor for the URBAN II neighbourhood. The new floorspace also tackled the recognised shortage of high quality commercial space which was found within the town which new businesses could utilise. Many former mill buildings in Halifax had been purchased by

developers but turned into flats rather than commercial buildings so again the new floorspace created by the project helped reverse this trend.

- New employment: the project created 110 new jobs both in relation to people directly working in the centre but also in relation to the new jobs created from new businesses being set up and existing businesses growing.
- People accessing ICT: the project also brought in 159 local people in from the surrounding community to utilise ICT facilities found in the centre with an aim of improving their computer literacy and supported an additional 150 local businesses from outside of the centre who received group training advice on how to, for instance, market their business or reach out to international markets.

Although the scale of the direct outputs associated to the centre are acceptable, compared to the investment which URBAN II made (2.2 million euros) they are relatively small. Much of this is down to the late completion date of the project (covered above) which meant that the business support element of the initiative did not start delivering until July 2007 (when the building was fully operational). Although the impact of the project will be felt well beyond the period of URBAN, the outputs and outcomes of the project which were achieved (and recorded) within the delivery timeframe of the URBAN programme were relatively limited.

Although long term, another key impact of the programme has been the way it has helped to rebalance the local economy away from old traditional sectors which the town had previously depended upon and something that has been driving the high levels of worklessness found in URBAN II target communities. Because the businesses located in the centre and nurtured through the business advisor were part of the digital and creative sector the project was directly and pro-actively encouraging a small but important shift towards new types of employment that will help rebalance the town's economic base.

The project also had the direct impact of improving the physical environment of the URBAN II neighbourhood. The site where the EWIC is found is seen as a 'gateway' to the target area and the previous empty mill building was often the first impression people had of the neighbourhood. Architecturally, the EWIC was seen as a landmark building as it mixed the old mill building with modern design and modern materials (including glass atriums and walkways) and it also had various high profile art installations inside the centre from regional artists and designers¹. Although this meant that the building was aesthetically pleasing it also greatly improved the image of the surrounding neighbourhood.

Linked in with the above is an indirect impact relating to raising the profile of Halifax among regional stakeholders involved in regeneration and economic development. Many felt that the EWIC was a 'beacon' for the town, sending out a message that Halifax can deliver and lead the

¹ Antony Gormley as well as original designs from Elsie Whiteley (a famous 1960s Yorkshire Fashion Designer and textile entrepreneur)

way on projects which are both high profile and innovative in nature. Because the town was relatively prosperous compared to other parts of the region, the EWIC was one of only a relatively few projects in the town that had received funding from the Regional Development Agency (Yorkshire Forward). Because it had been seen as a success, it had proved to this key organisation as well as others that this 'peripheral' small Yorkshire town could be a player within the regeneration agenda of the region.

4.0 Identified Good Practice

Although the EWIC can be seen to represent good practice in a number of areas, the key aspects identified through the evaluation are as follows:

- **The projects integrated approach:** Too often in the past, similar incubator units developed in the region have only provided space for local businesses. Unlike this URBAN project, they have failed to provide tenants with an integrated business support offer and although some 'link in' with mainstream business support organisations, many do not offer an on-site business support officer who provides regular and intensive support and who is highly aware of the needs and barriers to growth of individual businesses. This integrated approach adopted by the project also extends to the social aspect of regeneration as it provides high quality facilities for the local community to use in relation to educational and training activities run through, for example, the local College. The integrated approach between a new physical development that has an economic focus but which also has a social aspect is a key area of good practice and is in line with the holistic approach promoted through the URBAN II initiative.
- **The targeted nature of the project:** Another recognised area of good practice highlighted by stakeholders was the targeted nature of the EWIC. The project was targeted firstly on a specific type of business (digital and creative industry) but was secondly focused on helping people in deprived parts of the town as opposed to being open to anyone. Targeting in these ways helped the project maximise impact as it both helped the town shift towards new growth sectors as well as helping local deprived residents to consider the enterprise option as a way out of their current situation. Many stakeholders recognised that the project could have easily become more generic, taking on businesses and targeting entrepreneurs from any part of the region. This would have lessened its impact on tackling deprivation within the town and may well have benefited more prosperous residents of the District.
- **Recognising opportunities within deprived communities:** The project was also praised because it recognised the entrepreneurial 'spirit' of deprived communities living in the URBAN II area which had not been seen nor encouraged previously. Those involved in the projects development saw that people who were on benefit support and had low incomes were often relatively entrepreneurial in the way they lived their lives and made money (often through informal networks on the black economy). There were many examples of local people doing small IT support jobs for friends or designing a web site for their neighbourhoods. The EWIC

helped people recognise that they could make a living out of this 'hobby' and made people realise that owning your own business was not something which only highly educated and 'rich' people could achieve.